Message Text

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 7439

INFO AMEMBASSY ANKARA

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMCONSUL KARACHI

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USLO PEKING

AMEMBASSY TEHRAN

CINCPAC

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CONFIDENTIAL SECTION 1 OF 2 ISLAMABAD 5306

E.O. 11652: GDS

TAGS: PEPR, PBOR, XD

SUBJECT: INDO-PAK RELATIONS: ISLAMABAD COOLS

REF: A) ISLAMABAD 4865, B) NEW DELHI 6067, C) ISLAMABAD 4068,

- D) ISLAMABAD 4373, E) ISLAMABAD 4634, F) ISLAMABAD 1387,
- G) ISLAMABAD 4980, H) NEW DELHI 7925 (ALL NOTAL)

1. SUMMARY: THE WARMING TREND IN RELATIONS BETWEEN INDIA AND PAKISTAN, WHICH HIT A HIGH POINT OF OPTIMISM WITH THE VISIT TO PAKISTAN OF INDIAN FONMIN VAJPAYEE (REF F), HAS BEGUN TO COOL, AT CONFIDENTIAL

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LEAST ON THE ISLAMABAD SIDE. ALTHOUGH THE GOP IS STILL ASSESSING ITS ATTITUDE TOWARD THE NEW AFGHAN GOVERNMENT, AND THE LOGIC OF THE NEW BALANCE IN SOUTH ASIA WOULD ARGUE FOR INCREASED COOPERATION WITH INDIA, OLD PHOBIAS DIE HARD. AGHA SHAHI'S VISIT TO NEW DELHI AND THE VISIT OF THE INDIAN TRADE TEAM (REF A) HAVE CONTRIBUTED TO ISLAMABAD'S RECENT PENCHANT FOR A HARSHER ANALYSIS OF INDO-PAK RELATIONS, AND CHIEF MARTIAL LAW ADMINISTRATOR (DMLA)

GENERAL ZIA'S PROPOSED VISIT TO NEW DELHI NOW SEEMS INCREASINGLY UNLIKELY. THE COUP IN AFGHANISTAN, SEEN BY PAKISTAN THROUGH ITS TRADITIONAL AND INCREASINGLY ANXIOUS PERSPECTIVE, AND THE DIFFICULTIES INHERENT IN DEALING WITH THE HARDER ISSUES BETWEEN THE TWO COUNTRIES -- PARTICULARLY KASHMIR -- ARE PRIMARILY RESPONSIBLE FOR THE COOLING TREND AS SEEN FROM ISLAMABAD. OUR OWN ACTIONS SHOULD BE DESIGNED TO PROMOTE AN APPRECIATION OF THE VALUES OF INCREASED COOPERATION BETWEEN THE GOP AND GOI, WITHOUT FOMENTING FEARS IN ISLAMABAD OF US INSPIRED "INDIAN HEGEMONY." END SUMMARY.

- 2. RELATIONS BETWEEN INDIA AND PAKISTAN, CHARACTERIZED BY BOTH SIDES AS HAVING STEADILY IMPROVED OVER THE LAST EIGHT MONTHS, HAVE RECENTLY BEEN SUBJECT TO HARSHER ANALYSIS IN ISLAMABAD. THE LOGIC OF RECENT EVENTS IN SOUTH ASIA, AT LEAST AS SEEN BY OUTSIDERS, WOULD TEND TO ARGUE FOR CLOSER TIES BETWEEN THE GOI AND THE GOP, BASED ON THE GOI'S DESIRE TO HAVE A BUFFER BETWEEN A SOVIET-CLIENT STATE (AFGHANISTAN) AND INDIA, AND THE GOP'S DESIRE NOT TO BE HEMMED IN BY TWO HOSTILE NEIGHBORS. WHILE CMLA GENERAL ZIA AND PM DESAI MAY ALSO STILL SINCERELY WISH TO IMPROVE RELATIONS BETWEEN THEIR TRADITIONALLY ANTAGONISTIC NATIONS, THERE ARE STRONG INFLUENCES IN ISLAMABAD WHICH TEND INSTEAD TOWARD ARRESTING THE RECENT WARMING TREND.
- 3. IN ITS CURRENT CYCLE, THE RELATIONSHIP MAY HAVE HIT ITS HIGH-WATER MARK WITH THE VISIT OF INDIAN FONMIN VAJPAYEE TO CONFIDENTIAL

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PAKISTAN IN EARLY FEBRUARY. VAJPAYEE'S LOW-KEY AND REASSURING MANNER GAVE THE GOP, AND WE ASSUME FROM EMBASSY NEW DELHI REPORTING, THE GOI, AN OPTIMISTIC OUTLOOK ON FUTURE RELATIONS -- THE KASHMIR CONUNDRUM NOTWITHSTANDING.

- 4. IN THE WEEKS PRECEDING VAJPAYEE'S VISIT, HOWEVER, THERE HAD BEEN IN PAKISTAN AN UNDERCURRENT OF UNEASINESS ABOUT IMPROVED INDO-PAK RELATIONS. MANY -- PARTICULARLY POLITICIANS -- SAID THAT THE INDIANS STILL WERE NOT TO BE TRUSTED AND URGED THE MLA NOT TO MOVE TOO FAR TOO FAST WITHOUT PROGRESS ON KASHMIR. THE GOP REACTED TO THESE RUMBLINGS QUICKLY AND SEEMED CHASTENED BY THE FACT THAT IT HAD SEEMED -- MOMENTARILY AT LEAST -- SO FAR OUT IN FRONT OF PUBLIC OPINION. CONCERN ABOUT INDO-IRANIAN COOPERATION, AT PAKISTAN'S EXPENSE, WAS ALSO A CONTRIBUTOR TO PAK UNEASINESS.
- 5. AGAINST SOMEWHAT MORE MODEST EXPECTATIONS, AGHA SHAHI'S APRIL 10-14 VISIT TO NEW DELHI (REFTEL B), SIGNALED ANOTHER APPARENT FORWARD STEP IN INDO-PAK RELATIONS. THE SALAL DAM ACCORD WAS REGARDED BY THE GOP AS A SIGNIFICANT ACHIEVEMENT, BUT THERE ARE INDICATIONS THAT SHAHI AND HIS MFA TEAM RETURNED TO ISLAMABAD WONDERING WHAT HAD REALLY BEEN ACCOMPLISHED BY THE VISIT (REFTEL

C). THE GOP REALIZED THAT THE NEXT STEP IN IMPROVED RELATIONS WOULD LOGICALLY INVOLVE A VISIT TO INDIA BY CMLA GENERAL ZIA AND A CONFRONTATION -- AT THE TOP -- ON THE "ONLY ISSUE LEFT," KASHMIR. IN A DISCUSSION AFTER HIS VISIT, SHAHI TOLD AMB HUMMEL (REFTEL D) THAT THE TIME HAD COME FOR THE KASHMIR ISSUE TO BE FACED; HE SUGGESTED THAT THE APPEARANCE OF STALEMATE ON THIS ISSUE WOULD SERVE ONLY TO SET BACK RATHER THAN TO ADVANCE RELATIONS BETWEEN THE TWO NATIONS.

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6. RECENT INDO-PAK TRADE TALKS (REFTEL A) WERE INCONCLUSIVE. WHILE THAT NEGOTIATION HAD ENOUGH BUILT-IN STUMBLING BLOCKS OF ITS OWN, WE BELIEVE THE LACK OF PROGRESS REFLECTS THE MKP'S INCREASING RELUCTANCE TO TAKE RISKS ASSOCIATED WITH GOING FARTHER DOWN THE ROAD TOWARDS A WARMER RELATIONSHIP WITH INDIA, WHETHER COMMERCIAL OR POLITICAL.

7. WE DISCERN TWO MAJOR REASONS FOR THIS CHANGE IN THE ATMOSPHERE

IN ISLAMABAD:

A. THERE HAS BEEN A SHARP CHANGE IN THE GOP'S PERCEPTION OF CONFIDENTIAL.

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THE SOUTH ASIAN BALANCE AS A RESULT OF THE KABUL COUP (REF G). THE GOI'S QUICK RECOGNITION OF THE TARAKI GOVERNMENT -- HOWEVER WARRANTED IN DELHI'S EYES AND WELCOME IN KABUL'S -- HAS LED MANY IN THE GOP TO ROLL OUT THE OLD PARANOIAS (WHICH, OF COURSE, WERE NEVER FAR BELOW THE SURFACE THROUGH ALL OF THIS). WE HAVE BEGUN AGAIN TO BE WARNED OFTEN BY GOP OFFICALS THAT THE USG SHOULD NOT BE TAKEN BY "INDIAN DUPLICITY" (REFTEL E). ALTHOUGH THE GOI HAS APPARENTLY BEEN IN CLOSE CONTACT WITH THE GOP IN DELHI (REF H) TO REASSURE THE PAKS, BOTH DELHI'S AND MOSCOW'S QUICK RECOGNITION HAS FANNED PAKISTANI SUSPICIONS ABOUT INDO-SOVIET COOPERATION, AT PAKISTAN'S EXPENSE, BASED ON THE 1971 INDO-SOVIET TREATY.

B. BEYOND THE SPECIFIC CHANGES IN KABUL, HOWEVER, THE GOP AND THE GOI, HAVING PLAYED ALMOST ALL THE "COSMETIC" CARDS LEFT IN THE SIMLA DECK, AND HAVING UNDER NEW LEADERSHIP ENGAGED EACH OTHER AGAIN, NOW COME UP STUCK ON THE REALLY HARD ISSUE -- THE KASHMIR QUESTION -- ON WHICH THEIR POSITIONS OFFER NO REAL PROSPECT FOR COMPROMISE. IN THE ABSENCE OF AN ATMOSPHERE OF CONFIDENCE AND TRUST, THE PAKS APPARENTLY SEE NOWHERE ELSE TO GO FOR THE PRESENT. ISLAMABAD MAY HAVE HOPED THAT "FUNCTIONAL AGREEMENTS" SUCH AS THE SALAL DAM ACCORD WOULD LEAD THE TWO GOVERNMENTS -- AND PAKISTANI PUBLIC SENTIMENT -- INTO A RATIONAL DISCUSSION OF KASHMIR AND FURTHER PROGRESS ALONG THE LINES OF THE 1972 SIMLA AGREEMENT, LEADING IN THE END TO SOME AGREEMENT ON THE STATUS QUO, WITH MODIFICATIONS.

BUT KASHMIR STILL LOOMS AS INSOLUBLE, AND RECENT -- AS YET UNCONFIRMED -- REPORTS OF INDIA'S INTEREST IN REMOVING THE UN FORCES (UNMOGIP) ON THE 1949 CEASEFIRE LINE, THE NEWLY PERCEIVED PRESSURES ON PAKISTAN'S NORTHWESTERN BORDER AND ANXIETIES ABOUT INDIA'S ROLE THERE, HAVE COMBINED TO MAKE THE GOP EXTREMELY WARY OF TAKING A NEXT STEP, SUCH AS A ZIA VISIT TO INDIA. CONFIDENTIAL

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8. THUS, WHILE MOVEMENT TOWARD A "NEW LOOK" IN INDO-PAK RELATIONS MAY NOT BE OVER, IT HAS UNDOUBTEDLY LOST SOME OF ITS PREVIOUS GLITTER -- AT LEAST IN ISLAMABAD. THE CHALLENGE TO OUR POLICY, BOTH WITH THE GOI AND THE GOP, AND WITH OTHER GOVERNMENTS INTERESTED IN STABILITY IN THIS REGION, SUCH AS IRAN, IS TO MOVE

THE GOP AND THE GOI AWAY FROM THEIR GUT FEARS AND ATAVISTIC PHOBIAS -- DIFFICULT AS THIS MAY BE OVER THE HARD ISSUES LIKE KASHMIR. WITHOUT FOMENTING GOP FEARS OF US INSPIRED INDIAN PRE-EMINENCE IN A REGIONAL RESPONSE TO A PRO-SOVIET AFGHANISTAN, BOTH GOVERNMENTS SHOULD BE GIVEN A FULLER APPRECIATION OF WHAT WE SEE AS THE POST-KABUL COUP LOGIC OF DEVELOPMENTS IN SOUTH ASIA -- THE NEED FOR GREATER COOPERATION BETWEEN NEW DELHI AND ISLAMABAD. HUMMEL

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